

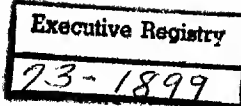
NSC REVIEW COMPLETED

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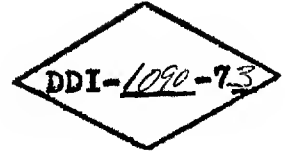
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THE WHITE HOUSE
WASHINGTON

April 11, 1973



NSC REVIEW COMPLETED

MEMORANDUM FOR:

SECRETARY OF STATE
SECRETARY OF TREASURY
SECRETARY OF DEFENSE
SECRETARY OF INTERIOR
SECRETARY OF COMMERCE
SECRETARY OF LABOR
SECRETARY OF TRANSPORTATION
COUNSELLOR TO THE PRESIDENT ON
COMMUNITY DEVELOPMENT
COUNSELLOR TO THE PRESIDENT ON
NATURAL RESOURCES
DIRECTOR, CENTRAL INTELLIGENCE✓
AGENCY
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
DIRECTOR, OFFICE OF EMERGENCY
PREPAREDNESS
CHAIRMAN, COUNCIL ON ENVIRONMENTAL
QUALITY
CHAIRMAN, COUNCIL ON INTERNATIONAL
ECONOMIC POLICY
DIRECTOR, OFFICE OF MANAGEMENT
AND BUDGET
CHAIRMAN, ATOMIC ENERGY COMMISSION
ADMINISTRATOR, ENVIRONMENTAL
PROTECTION AGENCY
DIRECTOR, NATIONAL SCIENCE FOUNDATION
DIRECTOR, OFFICE OF CONSUMER AFFAIRS

SUBJECT:

MEETING ON THE ENERGY MESSAGE,
APRIL 17, 1973

In connection with the transmittal by the President of his Energy Message, a meeting of representatives of the various departments and agencies having responsibilities in energy related programs will be held in the Roosevelt Room, The White House, April 17th at 2:30 P.M.

The meeting is being held to inform you of the President's decisions and the specific measures he proposed for their implementation.

You are invited to attend personally or to designate an individual at the sub-Cabinet level to represent you at the meeting. Because of space limitations, it is requested that no more than two individuals from your department or agency attend.

Please provide the names of attendees to my office (456-6698) no later than noon, Monday, April 16, 1973.



Charles J. DiBona
Special Consultant
to the President

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18 February 1973

NOTE FOR THE RECORD

At 0715 Dr. Charles DiBona returned my call of yesterday. I told him that Mr. Schlesinger had recommended I call him and offer him any assistance we could provide.

DiBona said that he was very busy and would not be able to see me for a week or two but that he was interested in several things:

--He would like to get the briefing on the Gulf state that he understands we had given others.

--He would like to get the briefing given Jim Aikens (?) about a month ago.

--He asked whether we had anyone who kept an eye on the short-run (six months or less) availability of crude oil in various parts of the world and followed its movement. I said no. Was I correct?

I offered to assemble a collection of our recent publications on the subject and send them to him. He said that he would like that. His address is Room 228, Old EOB.

I told him that there was an NIE on the World Oil situation in process. He said he wanted a copy when it was completed.

HOLD

Mr. Charles J. DiBona
Special Consultant to the President
Room 228
Old Executive Office Building
456-6293

Package of publications was assembled; Mr. Proctor decided not to send any of the pubs to DiBona. Finished NIE on World Oil situation will be coming out soon--will want to send a copy of that to DiBona.

DiBona is to call Mr. Proctor when DiBona has some time to see Mr. Proctor.

27 February 1973

MEMORANDUM FOR: Assistant Deputy Director for Intelligence
SUBJECT : Origin of World Oil Reserve Estimates

1. The primary source of world-wide proved oil reserve estimates is the Oil & Gas Journal. The Journal does not explain the origin of the reserve figures. Except for the few estimates described as "government figures", the estimates are undoubtedly industry-supplied. Even U.S. reserve estimates are based on industry reporting.

2. The soon-to-be published NIE 3-73: International Petroleum Prospects contains a table of world-wide proved oil reserves taken primarily from the 25 December 1972 issue of the Journal. USSR data were provided by CIA. As stated in a footnote to this table, any estimates of proved oil reserves must be treated as a rough approximation. There is no consistent rigorous definition of oil reserves.

Deputy Director
Economic Research

25X1

Set all balls down to the fact that
the oil industry is the only source for
oil reserve figures.

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A 2 Saturday, Feb. 21, 1973 THE WASHINGTON POST

Nixon Picks Consultant For Energy Committee

By Carroll Kilpatrick
Washington Post Staff Writer

President Nixon yesterday picked a special consultant to work full time at the White House on energy matters and promised a special message to Congress on energy in the near future.

The President announced that Charles J. DiBona, president of the Center for Naval Analyses in Arlington, will be his energy consultant and work full time with his special committee on energy.

The committee, with which the President met yesterday, is composed of Secretary of the Treasury George P. Shultz and presidential aides Henry

A. Kissinger and John D. Ehrlichman.

The announcement made it clear that the President is increasingly concerned by the energy problems that threaten the country now and may be more difficult in the future.

But he did not make DiBona a czar to ride herd on government agencies concerned with the problem. Rather, the announcement said that DiBona, as a special consultant, will report through the special committee on energy.

White House press secretary Ronald L. Ziegler said the message, which involves "very complex subjects," will not be completed for several weeks. He promised that it would involve a comprehensive approach to the problem.

The message, which had been expected sooner, has been delayed, partly because of the complexity of the subject and partly because a large number of government agencies are affected and have been unable to agree on recommendations to the President. The Office of Emergency Preparedness, which has prepared earlier studies on energy problems, is to be phased out by mid-year.

DiBona, who will be 41 Monday, was a Rhodes Scholar at Oxford and is a graduate of the U.S. Naval Academy. He resigned from the Navy in 1967 to become vice president of the Center for Naval Analyses, a defense-related research organization managed by the University of Rock-

ter. In another action, the President, on receiving the annual report on the Jobs for Veterans Program, said all Americans have an obligation to returning Vietnam veterans who are looking for work.

The report said 240,000 Vietnamese are unemployed in December, 1972, compared with 335,000 a year earlier.

CHARLES J. DiBONA
... full time on energy

Psychosurgery Assailed on Hill

By Stuart Auerbach
Washington Post Staff Writer

The government's chief psychiatrist said yesterday he opposes brain surgery for behavior problems—now being performed at a rate of about 500 a year—because doctors don't know enough about the brain.

The statement by Dr. Bertram S. Brown, director of the National Institute of Mental Health, was the first by a high government health official in open opposition to psychosurgery.

"The goal of responsible researchers in psychosurgery is to pinpoint the exact locus of the undesirable behavior in the brain and destroy only those tissues and nerve cells, leaving other functions and behaviors of the patient unaffected," Brown told a Senate Health subcommittee hearing.

"Frankly," he continued, "the current practice of psychosurgery falls short of this goal, and even the best research in this field is not sure

sired behavioral changes, that the operation is done only after lengthy consultations with both patient and family.

Subcommittee chairman Edward M. Kennedy (D-Mass.), however, read Andy's own reports on his operations which told how 75 per cent of one group of patients suffered a decrease in verbal intelligence and another patient suffered "intellectual deterioration."

Breggin said psychosurgery should be made illegal. "It's not even a medical procedure any more than the mutilation of an arm for a criminal act is a medical procedure," he told the subcommittee.

Brown said that neither NIMH nor the National Institutes of Health currently supports psychosurgery on humans although they both are supporting animal research on the brain.

"Until we do more animal

BOATERS S
son of King

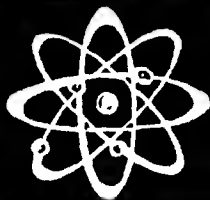
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By Bernard
United Press

About 12 Americans will cent co... government food tions July 1 to with the rising ies.

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UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D.C. 20545

No. S-4-72
Tel. 973-4536

FOR USE AT 12:15 P.M., EST
WEDNESDAY, APRIL 19, 1972

Remarks by

DR. JAMES R. SCHLESINGER, CHAIRMAN, U.S. ATOMIC ENERGY COMMISSION

at a meeting of

The Conference Board
The Waldorf-Astoria Hotel
New York, New York
April 19, 1972

ENERGY, THE ENVIRONMENT AND SOCIETY

I am delighted to be here with you today, as you deliberate on the broad issues of energy and public policy—and I very much appreciate the invitation by the Conference Board to join with you in these deliberations. I believe I would normally be expected to offer some inspirational remarks on “You and the Atom” or the prospective glories of nuclear power. I trust that you will bear with me, however, if I spread my net far more broadly—and touch on the underlying issues of public policy and on the ability of our society to deal coherently with these issues in light of present discontents.

Later, I shall make a few remarks about nuclear power, but it must be remembered that nuclear generating facilities provide only one of several alternative instrumentalities for the production of electric power and that electric production intimately and subtly intersects with the broader issue of energy usage. Moreover, energy not only represents increasingly our basic economic resource, energy usage represents a principal issue with respect to the protection or degradation of the environment. Finally, because of this dualism, our society has shown increasing signs of ambivalence—some might say, schizophrenia—regarding energy usage. As a consequence, society has encountered difficulties in developing the shared values and the discipline to provide coherent policies on this subject. For this reason I should like to approach this subject indirectly by addressing some of the difficulties of the society in achieving orderly and intelligible discussion of these fundamental problems.

The American public has the privilege of determining goals and of selecting a mix of measures to achieve those goals. It can proscribe or constrain various means—if it appreciates that there must be a high measure of consistency between means and ends. In the energy area, a variety of proposals have recently been elaborated: among them—no strip mining, a moratorium on nuclear plants, limit offshore drilling, no port facilities for imported LNG, no Alaska pipeline. The rationale for each one is perhaps understandable. The total set would be, to say the least, difficult to achieve. Obviously this is the case, if one presupposes a continued flow of energy to supply industry and commerce, to say nothing of the array of domestic services that delight the American consumer. It becomes even more visionary, if one adds additional objectives such as limited dependence on foreign sources of energy supply, limited utilization of foreign exchange within the balance of payments constraint, and low-cost energy.

The point is simple: the public has a right to choose, but one may hope that choice would be explicit—after weighing the full consequences of particular decisions. Piecemeal policies inevitably result in the inadvertent shortchanging of higher policy objectives. Haphazard choice, based on immediate emotion, is potentially crippling; it is tolerable only if not carried too far.

While these points should be obvious, I mention them only because they do not seem to be obvious in today's climate. Much public discussion seems to reflect the

premise that benefits are available without costs or risks. In energy matters, there seems to be an assumption that the interdiction of various energy sources can be abstracted from the continued flow of power to homes and to industry. These are false premises. Unlike manna from the heavens, public benefits do not descend on us adventitiously or miraculously. There has to be better understanding of process—of the relationship between cause and effect. The clear implication is that the utilization of energy must be attacked in its entirety and in light of the true alternatives, not in terms of particular elements or sources.

I dwell on these matters, not because they require particular insight; but because they are true. I fear that much of our present difficulty reflects the failure to appreciate these home truths. There is question today whether our society possesses the internal discipline, consciously and calmly, to choose a coherent set of policies. A society like our own can function effectively over the long run only if there are shared values—and "consensus" today is a much derided term. There is a widespread and exaggerated skepticism, even hostility, directed toward those in authority, both public and private. There seems to be no dearth of volunteers who wish to "send them a message." Unless we are able to restore a degree of civility, forbearance, and responsibility in our public discourses and a search for common values, there will be either a breakdown in the implementation of policy or policies instituted by force majeure over a fragmented and disheartened public.

Some of our difficulties, but only some, reflect the transitional problems of absorbing environmentalism into the set of shared public values. By and large, the impact of the environmental movement on the perception of policy issues by government agencies has been healthy. I feel it to have been particularly fruitful in the case of the Atomic Energy Commission, where the environmental implications are increasingly better balanced in relation to traditional, technical or engineering objectives.

Nonetheless, the movement has been too ready to sacrifice longer run strategic objectives for transitory tactical successes. Any set of militants not necessarily representative of the entire movement has been in a position to delay or block individual projects piecemeal. I am persuaded that the high road to environmental improvement does not lie along the route of litigation. The most effective route for environmentalists is to obtain responsiveness on the part of government agencies. Litigation should be a last resort, used only in matters of fundamental importance.

I trust that the environmental movement will not be seduced by the heady atmosphere of recent years. It has achieved some notable objectives, but will it now proceed to consolidate the gains that have been made and become a durable force within our society? I would hope that strategies will be formulated in terms of longer run objectives and systematic treatment of the entirety of a policy issue, rather than the pursuit of piecemeal

objectives in the manner of sea lawyers. All this will be necessary if we are adequately to resolve the difficult problem of reconciling the demand for energy utilization with the goal of protecting the environment—recognizing that energy utilization is a principal source of environmental degradation—and if we are to achieve shared national goals in the quest for coherent policies.

Energy Utilization and Sources

Let me turn now to a brief review of the overall energy balance and to the prospective trends regarding energy supply and demand in the years ahead. Americans have grown accustomed over the years to an abundance of energy resources, to the ability freely to select among competing fuels, and to the utilization of energy resources without stint. Now we are confronted by the declining availability of domestically-produced fuels of the desired type—with all that that implies regarding dependence on external sources of supply. With the relative reduction of supply we can no longer enjoy the luxury of regarding fuels as competing. Rather we are faced with the necessity of husbanding our BTU's and of treating the available fuels as complementary resources—in developing conscious policies for achieving maximum returns from what is available. Thus we must shape our energy policies under a set of constraints, hitherto unimaginable.

I am sure that the general quantitative picture is familiar to most of you. In 1971 this nation consumed close to 70 quadrillion British thermal units. Included in this total are some 5.5 billion barrels of oil, 511 million tons of coal, and 22 trillion cubic feet of natural gas, supplemented by relatively small quantities of hydropower and uranium.

Looking out to 1980 and beyond there are a number of projections, such as the recent one by the National Petroleum Council (NPC). Such projections are, of course, useful in providing a general measure of the magnitude of the energy problem, but it should be noted that they are not constrained by major measures of conservation.

The NPC study projects the growth of energy consumption in the United States by some 50% to a total in 1980 in excess of 100 quadrillion BTU's. It is estimated that by 1980 nuclear energy will have expanded some forty fold over 1970 and will be approaching supplying close to 10% of total energy consumption. Coal consumption will have increased to 800 million tons. Despite the attractiveness of natural gas as a fuel and potential demand on the order of 35 trillion cubic feet, it is estimated that limited availability of natural gas will not permit utilization above the present level. Hydropower will increase only slightly.

The most significant change would be in petroleum consumption, increasing from 14.7 million barrels a day in 1970 to 22.5 million barrels a day in 1980. Since it is

order of 12 million barrels a day, almost half of our petroleum supply will come from foreign sources. Increasingly the sources of supply would be in the Middle East, where the bulk of reserves are located. On an annual basis U.S. consumption would increase from 5.4 billion barrels in 1970 to 8.3 billion barrels in 1980. The costs in terms of foreign exchange in 1980 would run between 12 and 15 billion dollars a year.

In a recent talk before the American Petroleum Institute Joseph Swidler of the New York State Public Service Commission suggested that the NPC estimates were in a number of respects too "optimistic." Briefly he suggested that the projections for both coal and nuclear were much too high. He noted the relatively rapid shift from coal to oil by utilities in the eastern section of the country and the relatively slow progress being made in getting nuclear capacity into operation. As a result, the increased burden would presumably fall even more on oil-imported oil. Consequently, he projected oil demand of 28.3 mmbd as opposed to the NPC's 22.5 mmbd. This would imply that something approaching 60% of national oil requirements in 1980 would come from foreign sources and almost 40% of total energy needs. It would also imply imports of 6 billion barrels of oil a year (with a tanker arriving in a U.S. port every hour) and foreign exchange costs approaching \$20 billion a year.

Such projections are illuminating, if not conclusive. They have the usual deficiencies of projections in that they do not reveal sensitivities to possible changes in policy and changes in economic conditions. Nonetheless, they do indicate very roughly the size of the problem that we face.

I do not know how much attention many of you have lavished of late on our ailing friend, the U.S. balance of payments. I think it proper to suggest that the BOP is not in sufficiently robust condition, now or prospectively, to bear an additional \$15 billion or so of outpayments for oil imports. In raw financial terms this nation can probably not afford so great a degree of dependence on imported energy resources.

If the raw financial considerations are not sufficiently persuasive, there are other disquieting questions. The national security implications of dependence of the American economy on resources subject to interdiction have been widely discussed over many years. Those considerations become increasingly pertinent in the years ahead. The closely allied international political implications of high dependence upon sources of supply, geographically restricted and politically volatile, is a matter on which you may care to reflect. Moreover, the environmental impact of this particular pattern of meeting energy demand has a number of highly unattractive features.

Some Directions for Policy

The general pattern for meeting the nation's fuel needs that I have outlined is one toward which we could readily drift. This alternative strikes me as neither financially

feasible nor substantively attractive. We would do well therefore to take major policy steps to avoid the dependence, penalties, and risks implicit in this pattern of energy usage.

I take it for granted that the American public will demand increasing numbers of BTU's. It also seems apparent that the altered availabilities of the several categories of fuels constrain our national choice and preclude that free selection among fuels we have known in the past. In particular, given the distribution of the world's petroleum reserves, 6% of the world's population cannot indefinitely consume 35% of the world's energy output including this resource category without becoming highly dependent on overseas sources of supply. That is not a matter of judgment; it is a matter of arithmetic.

Nuclear and coal are the energy sources in which our own resources permit far more extended usage in the foreseeable future without undue dependence on overseas supplies. They afford major possibilities for substitution. In its recent National Power Survey, the FPC estimates that by 1990 53% of thermoelectric generating capacity in this country will be nuclear. The AEC's breeder development is intended to increase by a factor of 60 or 70 the exploitation of the energy content in uranium. Assuming breeder technology develops as anticipated, and is exploited, the very tails left over from the AEC's gaseous diffusion operations would be sufficient to fuel reactors for upwards of a century. Whatever concerns have developed in some quarters regarding reactor safety, I think it fair to say that there is widespread agreement regarding the net environmental advantages from properly operated nuclear generating facilities in relation to fossil fuel facilities.

By contrast, in recent years coal has received diminished emphasis due to the environmental problems associated with some of our better located coal fields. Nonetheless, coal represents the predominant domestic source of hydrocarbons. Estimated reserves amount to 84 quintillion BTU's, of which approximately half is considered recoverable—a source that could last for a century or more. I believe it obvious therefore that we should devote the effort to develop coal gasification and other technologies, which would allow us better to exploit these resources without increasing the untoward environmental effects.

These fuels are best utilized at present in generating electricity. Broadly speaking, electricity is a superior energy form, which can be readily and flexibly employed. The exception at present is in mobile energy burners, and the AEC's efforts in battery development could bring a change in that respect within a decade. Over the years, electricity has increasingly been substituted for other types of energy usage and we should take care that debates over power plant siting do not forestall what is basically a desirable development.

I have spent little time on the current difficulties in putting electrical generating capacity on the line. Just as we

need improved structures at the Federal level to grapple with our energy problems, so we need improved structures at the regional and state levels to provide advance planning and acceptable recommendations with respect to such issues as power plant siting. As you know, it takes 6-8 years from inception to operation for a modern power plant—a cycle far longer than the comparable swings in public opinion. The inability to get large plants licensed and operating has contributed to some of the anomalies we observe. For example, 20% of our natural gas is being used to generate electric power, when its highest use in all probability is in the home.

I do not know whether the problems I have discussed warrant in your judgment the term "energy crisis." To some observers the phrase is too melodramatic. A crisis, after all, comes only if it is unanticipated, and if appropriate policy adjustments are not made.

I think the phrase "energy dilemma" may be more descriptive. More precisely, there are a number of energy dilemmas. We face a congeries of problems far transcending the dramatic issue of fuel supply. There is, of course, the matter of power plant siting. Everyone wants the power; nobody wants the plants, and even less is there a desire for transmission lines. There is the matter of the efficiency of energy production and utilization, particularly as it impacts upon environmental quality. There is the matter of the appropriate combination of technologies to obtain higher efficiencies, and of government structures which will better contribute toward those ends. Each of these areas poses its own dilemmas. And in each of these areas the American society stands some risk of being impaled on the horns of those dilemmas.

In addition, I am inhibited in referring to an energy "crisis," because our national behavior clearly does not conform to such professions. On the one hand, some number of environmentalists seem to feel that the problem of demand expansion in relation to supply will yield to a combination of good will, abstention from the use of electric toothbrushes, sumptuary laws, and continuous litigation leading to load shedding. These views do not seem to me to correspond closely to the inherent difficulties of the situation. Nonetheless, an essential element in the envisaged energy crisis is the presupposition that irrespective of policy objectives and constraints demand for energy grows more or less automatically. Challenging that presupposition is—or should be—the heart of the environmentalists' case—and in that respect they are right.

On the other hand, those who perceive a crisis or the possibility of a crisis are obligated to do more than to accept the growth of demand in the traditional manner. If we describe the increasing dependence on foreign fuels as a threat to the national security, to the balance of payments, or the steadfastness of our foreign policy, then we would seem obliged to consider measures more drastic for conserving on energy use. After all, if these are matters of fundamental importance to the national security, to international politics, and to foreign economic policy, then we can do somewhat better than automobiles that move at 10 miles to the gallon and badly insulated buildings that are simultaneously heated and cooled. We need to do better not only for these reasons, but for the time-honored motives of conservation in the Roosevelt-Pinchot tradition—as well as for the more recent concern regarding environmental protection.

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